



THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION

SPECIAL CIRCULAR

No. 16-014
18 November 2016

To the Members

Dear Sirs,

Special Clause for the Maritime Labour Convention 2006

Reference is made to the circular [No.16-013](#) dated 12 October 2016 on the Maritime Labour Convention 2006 as amended (MLC).

The amendments to the Maritime Labour Convention 2006 will enter into force on 18 January 2017. As discussed in the above circular, in accordance with the entry into force, a special clause entitled the "Maritime Labour Convention Extension Clause 2016" ("MLC Extension") will be introduced into our Club Rules and applied to the insurance contracts of all vessels with effect from 18 January 2017. The text of the "MLC Extension" appears in the Annex to this circular.

According to the "MLC Extension", the Association is able to provide Certificates¹ confirming that the financial security requirements of the MLC are satisfied. The "MLC Extension" provides that the Association will make direct payments to seafarers when they advance claims against the Association which fall within the scope of the MLC Regulations and Standards specified in the Certificates. The "MLC Extension" also provides that if such payments fall outside the scope of standard cover, Members will be obliged to reimburse the Association.

All International Group Clubs will introduce a clause with similar effect.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Annex: Maritime Labour Convention Extension Clause 2016 ("MLC Extension")

¹ Certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for liabilities in respect of

- outstanding wages and repatriation of seafarers together with incidental costs and expenses in accordance with MLC Regulation 2.5.2, Standard A2.5.2 and Guideline B2.5, and
- compensation for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2.

MARITIME LABOUR CONVENTION EXTENSION CLAUSE 2016 (“MLC Extension”)

1. Subject only to the other provisions of this MLC Extension (“the Extension”), the Association shall discharge and pay on the Member’s behalf under the 2006 Maritime Labour Convention, as amended (MLC 2006) or domestic legislation by a State Party implementing MLC 2006:
 - (a) Liabilities in respect of outstanding wages and repatriation of a seafarer together with costs and expenses incidental thereto in accordance with Regulation 2.5, Standard A2.5 and Guideline B2.5; and
 - (b) Liabilities in respect of compensating a seafarer for death or long-term disability in accordance with Regulation 4.2, Standard A4.2.1 and Guideline B4.2.

2. The Member shall reimburse the Association in full:
 - (a) any claim paid under paragraph 1(a) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 19 1 (6) (a); and
 - (b) any claim paid under paragraph 1(b) save to the extent that such claim is in respect of liabilities, costs or expenses recoverable under Rule 19 1 (1).

3. There shall be no payment under paragraph 1(a) or paragraph 1(b) if and to the extent that the liability, cost or expense is recoverable under any social security scheme or fund, separate insurance or any other similar arrangement.

4. The Association shall not discharge or pay any liabilities, costs or expenses under paragraph 1(a) or paragraph 1(b), irrespective of whether a contributory cause of the same being incurred was any neglect on the part of the Member or the Member’s servants or agents, where such liabilities, costs or expenses were directly or indirectly caused by or contributed to by or arise from:
 - (a) Any chemical, biological, bio-chemical or electromagnetic weapon
 - (b) The use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

5. The Extension may be cancelled in respect of War Risks by the Association on 30 days’ notice to the Member (such cancellation becoming effective on the expiry of 30 days from midnight of the day on which notice of cancellation is issued).

Whether or not such notice of cancellation has been given the Extension hereunder shall terminate automatically in respect of the War Risks:

- (i) Upon the outbreak of war (whether there be a declaration of war or not) between any of the following:
United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China and this Extension excludes loss, damage, liability or expenses arising from such outbreak of war,
 - (ii) In respect of any ship, in connection with which cover is granted hereunder, in the event of such ship being requisitioned either for title or use and this Extension excludes loss, damage, liability or expenses arising from such requisition.
6. The Extension shall be subject to Rule 11 3 (3), Rule 35 1 (3) and Rule 36 (9).
7. Without prejudice to paragraph 5, cover under the Extension shall cease 30 days after notice of termination in accordance with either Regulation 2.5, Standard A2.5.2.11 or Regulation 4.2, Standard A4.2.1.12.
8. Any dispute arising out of or in connection with the Extension shall be referred to the arbitration by the Japan Shipping Exchange, Inc. (Shadan Hojin Nippon Kaiun Shukaisho), and any award of the arbitration shall be final and binding on the parties involved, provided, however, that, subject to agreement between all the parties involved, the dispute may be referred to the arbitration by an arbitrator registered with the London Maritime Arbitrators' Association.
9. For the purpose of the Extension:
"Member" means any insured party who is liable for the payment of calls, contributions, premium or other sums due under the terms of entry.
"Seafarer" shall have the same meaning as in MLC 2006.
"War Risks" means the risks set out in Rule 35 1 (2).